



Critical Deal Points - By Category

Pacific vs. CareFirst

- Associate Benefits
- Retention Bonus
- Merger Incentive and Excise Tax



Associate Benefit Differences

CareFirst[®]

☐ Incentives

- Does Not Offer Incentives to Lower Level Associates

☐ Health

- Less Benefits with Prices Significantly Higher

☐ Time Off

- Shorter Service associates to receive 3 additional days PTO
- Work Week extended to 40 hours (from 37.5)
- Disability Benefits Less

☐ Retirement

- Does Not Recognize Regional Differences in Retirement Benefits
- Overall Retirement Package 25-50% Lower than CareFirst
- No Retiree Medical Benefits
- Stock Purchase Plan
- Occasional Stock Grants to Reward Profitability in 401(k) Plan



Impact on Associates

CareFirst

Less than Age 45

Age 45 or Greater

Less than 10 Yrs of Svc

47% of Total Associates
Average Associate:
\$34,000 Annual Salary
Age 32 w/ 3 Yrs of Svc

Health: (94)
Paid Time Off: 28
Retirement: (8)
Incentives: (113)

(187) -7% of pay

12% of Total Associates
Average Associate:
\$48,500 Annual Salary
Age 50 w/ 3.5 Yrs of Svc

Health: (94)
Paid Time Off: (6)
Retirement: (168)
Incentives: (243)

(510) -13% of pay

10 or More Yrs of Svc

21% of Total Associates
Average Associate:
\$49,000 Annual Salary
Age 39 w/ 14.5 Yrs of

Health: (94)
Paid Time Off: (6)
Retirement: 1
Incentives: (245)

(341) -8% of pay

20% of Total Associates
Average Associate:
\$58,000 Annual Salary
Age 51 w/ 20.5 Yrs of

Health: (94)
Paid Time Off: (7)
Retirement: (188)
Incentives: (387)

(676) -14% of pay

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Retention Bonus

CareFirst

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Title	Target Award	Percent Eligible	Eligible #	Total Payout
Senior Vice President	1.5	100%	8	\$ 2,895,000
Vice President	1.0	100%	23	\$ 3,877,000
Director	0.5	30%	36	\$ 1,697,000
			67	\$ 8,469,000

Invest in 60 - 70 Key Management Associates

- *Maintain Stability of Operations and Value of Company*
- *Provide Management Support for Transaction*
- *Minimize Risk of Talent Defection*

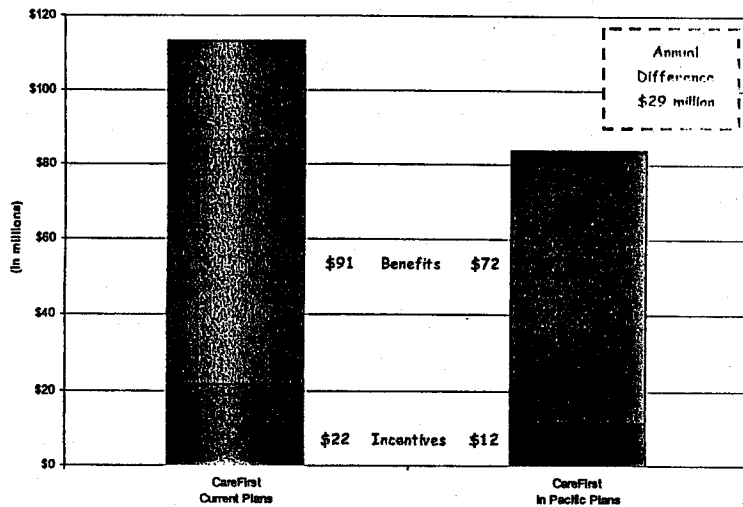
Paid Upon Closing or If Deal is Not Completed



Annual Benefit Differences

CareFirst

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Proposed Annual Benefit Differences

• Increase 401(k) Profit Sharing
 • More Extensive Pension Grandfathering
 • Manage Health Benefit Differences

CareFirst Proposals

- Formalize 401(k) Profit Sharing
- More Extensive Pension Grandfathering
- Manage Health Benefit Differences

